RET. TO C BRIEFING 21 December 1954 SOVIET REACT **JERMAN REARMAMENT** I. Prime goal of Soviet to seign policy is to prevent agreement on Wi m rearmament: "soft" policy-might lead to more vigorous required. in being.

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25X1

## TOP SECRET

- their judgment as to course which will both maintain their prestige and prevent ultimate German rearmagnent within NATO Alliance.
- In attempt prevent ratification Paris Agreements,

  Moscow has made series public threats:
  - To strengthen Soviet Bloc's own war machine

    (this may be effected propaganda-wise by

    budget-juggfing).
  - occupation of Austria.
  - C. To scrap both Franco-Soviet and AngloSoviet treaties (military resistance against
  - German aggression).

    GeT 7.60 ps cut & Tynol

    To refuse further negotiation with West.
- II. These out-in-open steps have been coupled with vigorous private pressure.

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A. Direct private pressure on French and

Austrian ambassadors; soft words to Yugo-

slavs, Indonesians, Burmese, others.

IV. Possible Soviet will make moves after ratifica-

tion in order show they not bluffing and to alert

waverers (particularly in France and Germany)

to consequences German rear mament. Such moves

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HOP SECRET

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DP79R00890A000400040028-9 Approved For Release Restrict border crossings between West and East Zone Cermany and between Western and Eastern secto B. Put pressure on Austria (note AM press) C. Possible Communist attempts foment political strikes in France. Break off disarmament negotiations. Increase Soviet suppo 25X1 ency.

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- C. On active side, can expect:
  - 1. continued harrassment offshore islands;
  - 2. Increased aid to Viet Minh.
- D. In contrast this "tough" line, Bloc will

  continue cultivation of Japan, India, Burma

  Indenesia.

vil At the all, this time to be ready for surprises

;

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OP SECKET

- B. Reunification Germany plus free elections, without prior with drawal occupation forces.
- C. In exchange, abandonment German rearmament (Germany allowed only border guards and police force and forbidden to join any military or economic bloc prior 1999).
- D. Establishment all-European security system, including USA, with guarantee of neutralized
- VI. Even it Soviet contains

nevertheless back Peipin ... tough" line in A

- A. This indicated by Kreen as support of Chicom re Formosa.
- B. Can also expect profession of Hammarskjold Peiping ston, including:
  - 1. Piracy charges;
  - 2. Inquiry on UN descriptor of POW's from Korean war.

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